

GAME THEORY 1

DESCRIPTION:

This module provides an introduction to game theory for managers and includes the following topics: matrix basics, zero and non-zero sum games, and dominant strategies.

Tutorial: 26 slides
Problem Sets: 4 problem sets; 18 questions
Average Time: 30 minutes

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)

Module: Game Theory I / Problem Set ID: 131

Alpha and Beta are deciding whether to bid on a consulting contract. There is an initial amount of research necessary to ascertain the definition and scope of the project which is estimated at \$100,000 for both companies. Beyond that initial investment, however, each company has different cost structures which will impact the net profitability of the contract. If only one company bids on the contract, they will get the full amount, but if both bid on the contract, it will be split according to the value of their bids. The potential payoffs for each firm are displayed in the graphic to the right in \$000s.

What is the Beta's payoff if both firms bid on the contract?



Dollars (\$000s)

PS1

1

2

3

SUBMIT ANSWER

EXIT



		Beta	
		Bids for Contract	Doesn't Bid
Alpha	Bids for Contract	-850, -550	+800, -100
	Doesn't Bid	-100, 250	-100, -100